

NEWS FROM TENNESSEE ECD

# DEVELOPMENTS

Volume 1, Issue 3



## Going Strong

Europe's biggest carmaker reaches milestones on its only U.S. facility  
*See Cover Story, Page 3*

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Oh, the difference a year makes. Check out Volkswagen's progress 12 months after their big announcement in Chattanooga.

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## Comments from Commissioner



Governor Bredesen and I recently announced we will be leading a trade mission to China in October to promote greater economic, political and cultural ties between our state and the Asian country. It will afford us the opportunity to showcase Tennessee products and services and educate potential Chinese investors about locating businesses in our state. Ultimately, we hope our efforts will result in new jobs and investment in Tennessee.

The trip will also coincide with the two year anniversary of ECD opening its first Tennessee China Development Center in Beijing. The office has been instrumental in educating potential Chinese investors about the excellent business climate Tennessee affords and helping pave the way for Tennessee companies to attract new customers in China.

Trade mission delegates will have the opportunity to better understand the Chinese market, learn about possible business opportunities, make high level contacts with business and government leaders and learn from the experience of other U.S. companies successfully doing business in China.

Hundreds of Tennesseans are employed by Chinese companies that have made more than \$27 million in investments in our state. In 2008, more than \$1.6 billion in exports of Tennessee-made goods were sent to Chinese consumers. That figure makes China our third largest export market, behind only our North American neighbors of Canada and Mexico.

When we first explored the possibility of opening a dialogue with China, Governor Bredesen challenged me to find common ground on which we could build a substantive relationship. More than half of U.S. states have economic development offices in China, but we wanted to differentiate ourselves and create an ongoing exchange of ideas with the most populated country in the world.

We found this common ground in the challenging field of modern rural healthcare. Last year, we hosted 50 Chinese medical professionals and officials for a three-week exchange with the University of Memphis, East Tennessee State University and Vanderbilt University. This year, Tennessee health care professionals visited China for three weeks of collaboration and learning.

If there is anything that has been reinforced through growing our relationship with China and other countries, it's the fact that economic development has become an increasingly global process. We are no longer competing with neighboring states but with countries in all corners of the world. This global approach to business recruitment is essential if we are to see continued growth in our communities. ■

## ECD In Brief

### Gold Shovel Ready

Area Development magazine honored Tennessee with its prestigious Gold Shovel Award, presented annually to the state achieving the most success in terms of job creation and economic impact. Tennessee won based on the number of high-value added jobs per capita, amount of investment, number of new facilities and industry diversity. Additionally, Volkswagen's announcement it would build a \$1 billion auto manufacturing facility in Chattanooga was recognized as Project of the year.



### Zero to Zero Emission in 60 Seconds Flat



Nissan North America, Inc. has been conditionally approved by the U.S. Department of Energy for a \$1.6 billion loan to modify its Smyrna manufacturing plant to produce zero-emissions vehicles and state-of-the-art lithium-ion battery packs. The electric vehicles Nissan will produce will emit no gases and are powered only by electricity.

### Solid Venture

The Tennessee Small Business Investment Company Credit Act was signed into law by Governor Phil Bredesen on July 9, 2009. The act authorizes the state of Tennessee to issue up to \$120 million in tax credits to insurance companies who invest in one of six venture capital funds certified as "TNInvestcos" by ECD and the Department of Revenue. The TNInvestcos are required to invest in small and start-up companies in Tennessee that have the potential to transform the state's economy.



## ECD Commissioner At Work

- April 1:** Leadership Madison County in Nashville
- April 2:** Rural Development Conference in Cookeville
- April 2:** Tennessee Capital Formation Board in Nashville
- April 2:** Green Jobs and Higher Education Symposium in Nashville
- April 9:** LEED Symposium in Chattanooga
- April 15 - 18:** Southeastern Automotive Supplier Forum in Hanover, Germany
- April 29:** 2009 Spirit of Innovation Awards Luncheon in Chattanooga
- May 1:** Tennessee Economic Development Council's Spring Conference in Destin, Fla.
- May 7:** Shingo Prize Conference in Nashville
- May 11:** 2009 Memphis Multi Modal Conference in Memphis
- May 14:** Volkswagen Wall Raising Ceremony in Chattanooga
- May 19:** 2009 Bio International Convention in Atlanta, Ga.
- May 28:** Tennessee Valley Corridor 2009 National Summit in Oak Ridge
- June 11:** Oak Ridge Economic Partnership Industry Appreciation Luncheon from Nashville
- June 14 - 21:** Recruiting trip to Europe
- June 24:** Board of Directors meeting for the National Center for Public Policy and Higher Education in Chicago



# Bredesen Announces Comprehensive Solar Initiative

Governor Phil Bredesen unveiled plans for the Volunteer State Solar Initiative, a comprehensive solar energy and economic development program that will use up to \$62.5 million in federal American Recovery and Reinvestment Act funds to advance job creation, education, research and renewable power production in Tennessee.

The initiative consists of the Tennessee Solar Institute at the University of Tennessee and Oak Ridge National Lab, which will focus on basic science and industry partnerships to improve the affordability and efficiency of solar products, and the creation of the West Tennessee Solar Farm on the Haywood County industrial megasite.

The proposed five-megawatt, 20-acre solar farm will be one of the largest installations in the Southeast and serve as a demonstration tool for educational, research and economic development purposes.

"Short-term, these new projects will go hand-in-hand with creating or supporting jobs in construction, manufacturing and installation, and scientific efforts to improve the affordability and efficiency of solar energy. Long-term, they will strengthen Tennessee's reputation as a national energy research hub and emerging force in the U.S. solar industry," said Governor Bredesen.

The Volunteer State Solar Initiative is the most recent in a



*Governor Bredesen announcing his plans for the Volunteer State Solar Initiative at a May press conference.*

series of landmark energy-related investments Tennessee has made over the past two years under the leadership of Governor Bredesen and the General Assembly.

## Tennessee Tops Clean Energy Economy Growth

Tennessee is a national leader in growing its clean energy economy, outperforming the U.S. averages in terms of total jobs and annual growth rate, according to a recent study by The Pew Charitable Trusts. In *The Clean Energy Economy: Repowering Jobs, Businesses and Investments Across America*, Pew found that jobs in Tennessee's emerging clean energy economy grew more than seven times faster than the state's overall jobs between 1998 and 2007.

"Expanding our focus on energy efficiency, renewable power production and other clean energy activities is helping jumpstart our state's economy, and it happens to be the right thing to do for the environment," said Governor Phil Bredesen.

Between 1998 and 2007, jobs in Tennessee's clean energy economy grew at a rate of 18.2 percent, while overall state jobs grew by 2.5 percent. Tennessee was part of a national trend that saw job growth in the clean energy economy outperforming overall job growth in 38 states and the District of Columbia over the same period.





*Work is now nearly complete on VW's paint shop, the first of three buildings planned for Enterprise South in Chattanooga.*

## Job Creation Survey - Second Quarter 2009

### **AKI, Inc. dba Arcade Manufacturing** *Chattanooga/Hamilton County - Expansion*

**What They Do:** Leading global developer, marketer and manufacturer of multi-sensory and interactive advertising sampling systems for personal care and consumer product markets  
**Jobs Created:** Approximately 60  
**Investment:** Approximately \$3 million

### **Chattem, Inc.** *Chattanooga – Expansion*

**What They Do:** Manufacturer of branded consumer products including ACT® mouthwash  
**Jobs Created:** 70  
**Investment:** \$35 million

### **Coca Cola Enterprises** *Cleveland/Bradley County Facility - Expansion*

**What They Do:** CCE is the largest marketer, producer and distributor of Coca-Cola products  
**Jobs Created:** 13  
**Investment:** \$12.2 million

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### **Columbus McKinnon Corporation - Dixie Industries Division** *Chattanooga/Hamilton County - Expansion*

**What They Do:** Manufacturer of forged steel products  
**Jobs Created:** 25 (172 Jobs Retained)  
**Investment:** \$5.5 million

### **Crete Carrier Corp.** *Kingston – Groundbreaking*

**What They Do:** Trucking maintenance and service center  
**Jobs Created:** 60 onsite, with more than 300 people over the next three years  
**Investment:** \$8 million

### **Five Star Foods** *Nashville – Expansion*

**What They Do:** Manufacturer of meat products and sauces  
**Jobs Created:** 75-100, with an additional 250 positions over the next three years  
**Investment:** \$20 million over the next three years

### **Franke Coffee Systems** *Smyrna – Relocation*

**What They Do:** Manufacturer of coffee machines  
**Jobs Created:** 50

### **Gestamp Corporation** *Chattanooga – Location*

**What They Do:** Auto parts stampings  
**Jobs Created:** 230 over three years  
**Investment:** \$95.2 million

### **Greystone Pharmaceuticals** *Memphis – Expansion*

**What They Do:** Medicated bandages  
**Jobs Created:** 25  
**Investment:** \$1.5 million

### **Maremont** *Loudon – Expansion Announcement*

**What They Do:** Manufacturer of mufflers, after market catalytic converters and performance equipment  
**Jobs Created:** 50, bring total workforce to 350



# Taking Shape



## Literally – Earth is moving and walls are rising at VW's Chattanooga Plant

One year after Volkswagen's announcement that they would build a \$1 billion manufacturing plant in Chattanooga, the automaker's march toward production of a sedan exclusively for the North American market is building momentum. Governor Phil Bredesen joined Professor Dr. Jochem Heizmann, member of the Board of Management of Volkswagen AG, and other invited guests May 14 to celebrate the placement of the first wall at the new U.S. factory in Chattanooga.

awarded to date. The amount includes almost \$198 million awarded by the city, state and Volkswagen to contractors and subcontractors for plant construction, with another \$230 million over the next 20 years.

Additionally, Volkswagen has awarded contracts totaling more than \$238 million on an annual turnover

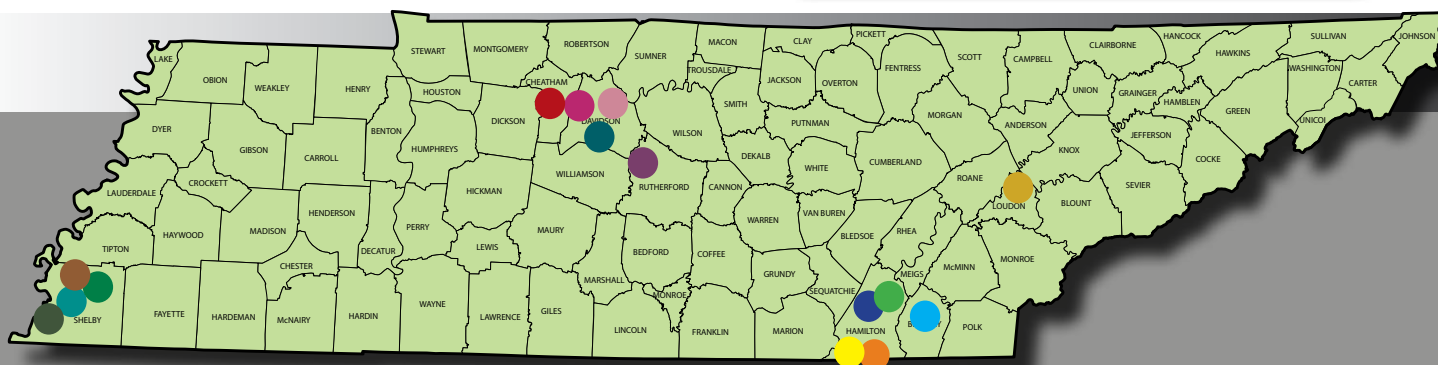
(See Volkswagen, page 6)

"The partnership between the state, the community and Volkswagen is creating an impact that is literally concrete," said Governor Bredesen. "The dramatic change we've seen on this site over the past year is clear evidence of Volkswagen's commitment to the people of Tennessee and to the future of the company."

Volkswagen marked the July one-year anniversary of its decision to build in Chattanooga by announcing that nearly \$436 million in local contracts have been



**Volkswagen of America Takes Shape:** At left, a computer rendering of Volkswagen at Enterprise South in Chattanooga.



### **Pacific Paper** Memphis – Location

**What They Do:** Manufacture paper napkins and tissue  
**Jobs Created:** 63  
**Investment:** \$5,693,098

### **Pfizer** Memphis – Expansion

**What They Do:** Financial services  
**Jobs Created:** 130  
**Investment:** \$7.3 million

### **Silver Eagle Bus Manufacturing** Gallatin – Relocation

**What They Do:** Bus design and manufacturing  
**Jobs Created:** 36, with 100 added yearly for the next three years

### **Supreme Oil Company** Nashville – Expansion

**What They Do:** Produce vegetable oils, mayonnaise, salad dressings, margarine, butter blends, vinegar, barbeque and other specialty sauces  
**Jobs Created:** 200

### **Sitel** Memphis – Expansion

**What They Do:** Call center  
**Jobs Created:** 200

# Governor, Commissioners Recruit in Europe

Governor Phil Bredesen, ECD Commissioner Matt Kisber and Revenue Commissioner Reagan Farr traveled to Switzerland, Germany and Poland in June to meet with European companies investing in Tennessee and to discuss the next steps in expanding investments in the clean energy sector.

"We were very successful in conveying why Tennessee is a good place to do business," said Governor Bredesen.

In Switzerland the officials met with Alstom Power executives and toured the company's turbine and generator rotor manufacturing operation. Alstom, a world leader in transport and energy infrastructure, is currently undergoing a \$280 million expansion of its Chattanooga plant that will add 350 jobs.

Following Wacker Chemie AG's February announcement of plans to invest \$1 billion in Bradley County and add 500 jobs to the area, the governor and commissioners also visited Wacker's headquarters in Munich.

"The presence of the Tennessee leadership in the home offices of these companies was very important in continuing to build the relationships that we have been working on and nurturing, in some instances, a number of years now," said Commissioner Kisber.



*Tennessee officials toured Alstom Power's turbine and generator rotor manufacturing operation in Birs, Switzerland.*

Ambassador Victor Ashe, former mayor of Knoxville, hosted the Tennessee group in Warsaw, and they were briefed on business opportunities in Poland by the U.S. Department of Commerce and business leaders from the Polish American Chamber of Commerce.

## Tennessee Main Street Program Welcomes Morristown

Morristown, located in Hamblen County, has joined the list of certified communities in the Tennessee Main Street Program, bringing the total to 23 Tennessee communities certified through the state program and accredited by the National Main Street Center, a program of the National Trust for Historic Preservation.



The Tennessee Main Street Program, part of the Community Development Division at ECD, provides communities with technical assistance and guidance in developing long-term strategies that promote economic growth and development. The program provides information and assistance in forging public networking and training opportunities for downtown commercial districts.

"Participation in this program places emphasis on downtown historic preservation, which is a great way to secure the economic viability of an area," said Kimberly Nyberg, Tennessee Main Street Program coordinator. "It also qualifies the community to participate in state-funded grant programs to improve their downtown revitalization efforts."

Tennessee has participated as a coordinating partner in the National Main Street Program since 1983. The program requires communities to meet requirements before becoming certified, including broad-based support for downtown revitalization through local citizens and government involvement, financial commitment, organizational structure, potential, previous history of downtown activities and a comprehensive understanding of the Main Street "Approach to Revitalization."



*A car show in downtown Morristown is one of many events that draw crowds outside and bolsters the central business district.*



## Volkswagen (continued from page 4)

basis with local parts suppliers for the new midsize sedan to be produced in Chattanooga starting in early 2011.

"These contracts, while impressive, are more than just numbers. They are a clear testament to the progress we've been able to achieve in one short year with our partners in Chattanooga and Tennessee," said Frank Fischer, CEO and Chairman of Volkswagen Group of America Chattanooga Operations, LLC.

Volkswagen Group of America will invest \$1 billion in the plant and employ 2,000 people. As a result of this investment, an independent study estimated the overall impact of the plant will generate an additional \$12 billion in income growth and more than 9,500 indirect jobs over the life of the project.

As part of Tennessee's continued effort to recruit Volkswagen suppliers to the state, Commissioner Kisber traveled with a team of state officials to Hanover, Germany in April to speak at the Southeastern Automotive Supplier Forum about strategies and opportunities in Tennessee for German original engine manufacturers and automotive suppliers.



*Governor Phil Bredesen at the ceremony to celebrate Volkswagen's first walls going up in Chattanooga.*

"Our agency is already talking to companies interested in following Volkswagen's investment, and I'm confident the ripple effect in our state's economy is just beginning," said Commissioner Kisber.

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